



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

**Accountability Audit Report**

**Pierce County Public Transportation  
Benefit Area Authority  
(Pierce Transit)**

**For the period January 1, 2013 through December 31, 2013**

**Published December 29, 2014**

**Report No. 1013327**





## Washington State Auditor Troy Kelley

December 29, 2014

Board of Commissioners  
Pierce Transit  
Lakewood, Washington

### Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Authority's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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## AUDIT SUMMARY

### Results in brief

In the areas we audited, Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

### About the audit

This report contains the results of our independent accountability audit of the Pierce Transit from January 1, 2013 through December 31, 2013.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Authority's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Open public records laws compliance
- Payroll
- Travel expenditures
- Compliance with grant requirements

## STATUS OF PRIOR AUDIT FINDINGS

The status of findings contained in the prior years' audit reports of the Pierce Transit is provided below:

**1. Pierce Transit awarded additional leave to employees, did not follow transit leave policies and had inadequate controls over the timekeeping system.**

Report No. 1011130, dated January 21, 2014

### *Background*

Pierce Transit is governed by a ten member Board, which consists of elected officials representing 13 jurisdictions, Pierce County and one nonvoting union representative. Pierce Transit's Chief Executive Officer (CEO) is appointed by the Board. Pierce Transit has undergone several reorganizations during the last few years; thus, resulting in changes of the positions which report directly to the CEO. During review of leave types, we found an unknown leave code was used during fiscal years 2012 and 2013. We found this leave code was unsupported and not allowed by Pierce Transit policy.

### *Status*

The condition reported during the 2012 audit has been resolved. A reward and recognition program was adopted by the Board on December 9, 2013, in connection with approval of the Pierce Transit's classification and compensation system. This program allows for the award of up to five days of administrative leave to non-represented employees upon achievement of certain outstanding specified performance goals. These administrative days are tracked using the administrative leave code in the Pierce Transit's electronic timekeeping system.

## RELATED REPORTS

### **Financial**

Our opinion on the Authority's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Authority's financial statements.

### **Federal grant programs**

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Authority's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report.

### **Other reports**

During the current audit period, the State Auditor's Office issued a report on agreed-upon procedures performed at the Authority in June 2014. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE AUTHORITY

Pierce Transit was formed in 1979 when voters passed a .3 percent sales tax to fund public transportation service to Pierce County. In 2002 Pierce County voters approved an increase to the local sales tax support from .3 percent to .6 percent. Pierce Transit also operates fixed route, specialized transportation (SHUTTLE) services for the elderly and disabled, and vanpool transportation services.

Pierce Transit is governed by a 10-member Board of Commissioners. The Board is made up of elected officials representing Pierce County, Tacoma, Lakewood, Puyallup, University Place, the smaller towns and cities in the service area and one nonvoting Union Representative. Commissioners serve three-year terms. The Board appoints management to oversee the Pierce Transit's daily operations as well as its 904 employees. During 2013, the Pierce Transit's operating revenue totaled more than \$46.6 million. In addition, the Pierce Transit received operating subsidies of more than \$63.4 million in sales tax revenue and approximately \$10.4 million in operating and capital grants.

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*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Pierce Transit at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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